

d. “Claim Share”: The amount of money allocated to each Settlement Class Member pursuant to Section 8(d) of this Joint Stipulation.

e. “Class Counsel”: Counsel for the Plaintiffs, Stewart, Estes & Donnell.

f. “Complaint”: The Complaint filed by the Representative Plaintiffs in the Action.

g. “Court”: The United States District Court for the Middle District of Tennessee.

h. “Disbursement Date”: The date which is fifteen (15) business days after the date upon which the Final Order of Dismissal entered by the Court has become final and non-appealable.

i. “Eligible Class” and/or “Eligible Class Member(s)”: Present and former hourly-paid restaurant employees (including, but not limited to, servers, cooks, meat cutters, dishwashers, and other hourly-paid employees) who were employed by Ryan’s for any period of time between November 12, 1999 and August 2, 2005 (“Recovery Period”).

j. “Final Order of Dismissal”: The Order attached hereto as Exhibit 4 dismissing with prejudice the claims of the Settlement Class who are to be identified in a spreadsheet attached to said Order.

k. “Notice”: The Notice of Settlement form attached hereto as Exhibit 1.

l. “Parties”: The Representative Plaintiffs and Ryan’s.

m. “Questionnaire”: The form attached hereto as Exhibit 3.

n. “Recovery Period”: November 12, 1999 through August 2, 2005.

o. “Representative Plaintiffs”: The individuals who are the named Plaintiffs on the Complaint filed in the Action; namely, Erric Walker, Steven Ricketts, and Vickie Atchley.

p. “Ryan’s Counsel”: Counsel for the Defendant, Nexsen Pruet, LLC, and Constangy, Brooks & Smith, LLC.

1 q. “Settlement”: The agreement between the Parties set forth in this Joint
2 Stipulation and in the settlement confirmation letter dated February 7, 2006 attached hereto as
3 Exhibit 5.

4 r. “Settlement Administrator”: Garden City Group, Inc., (“Garden City”),
5 P. O. Box 91136, Seattle, Washington 98111-9236.

6 s. “Settlement Class” or “Settlement Class Member(s)”: Those Members of
7 the Eligible Class who timely file Claim Forms.

8 2. On November 12, 2002, the Representative Plaintiffs, Erric Walker, Steve
9 Ricketts, and Vickie Atchley brought this lawsuit in the United States District Court for the
10 Middle District of Tennessee against Defendant Ryan’s Family Steak Houses, Inc., (“Ryan’s”)
11 on behalf of themselves and all other past and present similarly-situated restaurant employees of
12 Ryan’s who were paid on an hourly basis in any position (including, but not limited to, servers,
13 cooks, meat cutters, dishwashers, and other hourly-paid employees), alleging that they are owed
14 unpaid wages and overtime pay under the federal Fair Labor Standards Act (“FLSA”).

15 Ryan’s denies Plaintiffs’ allegations and denies any wrongdoing, and has vigorously
16 opposed the claims made against it. This Settlement is a compromise of disputed claims and
17 defenses and should not be construed as any evidence of wrongdoing whatsoever by Ryan’s.

18 3. The Parties have conducted significant investigation of the facts and law during
19 the prosecution of this Action. Such investigation has included, *inter alia*, the exchange of
20 information pursuant to informal and formal discovery; depositions of the Representative
21 Plaintiffs, and of corporate representatives of Ryan’s and EDSI (Ryan’s arbitration service
22 provider); extensive interviews and/or surveys of certain Eligible Class Members; numerous
23 meetings and conferences between representatives of the Parties, and interviews of numerous
24 potential witnesses. Class Counsel and Ryan’s Counsel have further investigated the applicable
25 law as applied to the facts discovered regarding the causes of action and damages claimed in the
26 Action, and the potential defenses thereto. In addition, the Parties engaged in an extensive
27 session of mediated negotiation of this dispute conducted by Attorney Hunter Hughes in Atlanta,
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Georgia, on September 22, 2005, and thereafter continued intense and arms-length negotiations for a period of five months which culminated in this Settlement.

In addition to investigation and discovery related to the merits of the Action, the Parties vigorously litigated the validity of arbitration agreements entered between Eligible Class Members and EDSI, which resulted in two reported decisions, viz., *Walker v. Ryan's Family Steak Houses, Inc.*, 289 F. Supp. 2d 916 (M.D. Tenn. 2003), and *Walker v. Ryan's Family Steak Houses, Inc.*, 400 F. 3d 370 (6th Cir. 2005). Litigation of this issue culminated in a Petition for Certiorari filed by Ryan's in the United States Supreme Court in which Ryan's asked the Supreme Court to review and overturn this Court and the Sixth Circuit Court of Appeals decisions, which Petition was denied at 126 S.Ct. 730 (2005).

4. The Parties desire fully, finally, and forever to settle, compromise, and discharge the disputes and claims arising from or raised in the Complaint, and intend to accomplish the full and complete settlement and release of certain claims of Settlement Class Members related to this Action as set forth in Section 16.

5. Eligible Class Member(s) are eligible to participate in this Settlement by virtue of having been employed by Ryan's during the Recovery Period, and by meeting the other requirements of the Settlement.

6. Class Counsel have formally and informally investigated the facts of the Action, including extensive interviews and/or surveys of Eligible Class Members and depositions of the parties, including the Representative Plaintiffs and persons designated by Defendants as those persons most knowledgeable regarding the nature and size of the Eligible Class and the average wages, positions, and workweeks worked by Eligible Class Members during the Recovery Period. Class Counsel has diligently investigated the claims asserted in the Complaint against Ryan's. Based on their own independent investigation and evaluation, Class Counsel is of the opinion that the Settlement is fair, reasonable, adequate, and is in the best interest of the Settlement Class in light of all known facts and circumstances, including the risk of significant delay, further litigation and the numerous defenses and the actual and potential issues Ryan's is

1 and/or would assert, including decertification of the conditionally “certified” similarly situated
2 class.

3 7. The Parties agree to cooperate and to take all steps reasonable, necessary and
4 appropriate to dismiss with prejudice the Complaint, and all causes of action contained therein,
5 so as to avoid the necessity of further expense and litigation in the above-referenced matter.

6 **TERMS AND SETTLEMENT**

7 8. NOW, THEREFORE, in consideration of the mutual covenants, promises and
8 warranties set forth herein, the Parties agree as follows:

9 a. That the Action and all claims for minimum wages or overtime during the
10 Recovery Period for all Settlement Class Members who participate in this Settlement, whether
11 based on federal or state laws, will be dismissed on the merits with prejudice, subject to the
12 terms and conditions set forth in, and approval by the Court of, this Joint Stipulation.

13 b. Neither Party shall have the right to appeal any order approving this Joint
14 Stipulation, and all parties expressly waive the right to appeal such order.

15 c. In consideration for the release of claims by the Settlement Class, Ryan’s
16 agrees to create a settlement fund of no less than Two Million Dollars (\$2,000,000), and no more
17 than Nine Million Dollars (\$9,000,000), from which Eligible Class Members who timely file a
18 Claim Form will be paid. The total amount Ryan’s actually ends up paying will depend on the
19 actual participation level in the Settlement by Eligible Class Members; however, in no event will
20 the total amount paid by Ryan’s to Settlement Class Members be less than Two Million Dollars
21 (\$2,000,000), or exceed Nine Million Dollars (\$9,000,000). Settlement Class Members will
22 receive a portion of the settlement fund based upon the following formula.

23 d. Ryan’s agrees to pay Settlement Class Members an amount equivalent to
24 \$18.25 for each workweek of active employment with Ryan’s during the Recovery Period,
25 provided the participation rate is such that the aggregate claims of Settlement Class Members
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1 total between Two Million Dollars (\$2,000,000) and Nine Million Dollars (\$9,000,000). The
2 number of workweeks allocated to each Settlement Class Member will be determined by Ryan's
3 payroll records, and will be equal to the number of workweeks for which the employee received
4 a paycheck for hours actually worked during the Recovery Period. In the event the participation
5 level is such that the aggregate claims made by Settlement Class Members total less than Two
6 Million Dollars (\$2,000,000), the Claim Shares received by Settlement Class Members will
7 exceed \$18.25 per workweek. In the event the participation rate is such that the aggregate claims
8 made by Settlement Class Members total more than Nine Million Dollars (\$9,000,000), the
9 amount received by Settlement Class Members will be less than \$18.25 per workweek. The
10 amounts paid to Settlement Class Members will be paid without offset or deduction for litigation
11 costs, attorneys' fees, enhancement awards, or the costs of administering this Settlement;
12 however, appropriate taxes will be withheld in accordance with Section 14(b).

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15 9. Ryan's agrees to pay the cost of mailing the Notice to approximately 264,000
16 Eligible Class Members, and agrees to hire and pay the Settlement Administrator to provide
17 additional settlement administration services and to handle the remaining claims process. None
18 of the settlement administration costs incurred in this case will be paid by Settlement Class
19 Members or deducted from any sum Ryan's is obligated to pay as a result of this Settlement.
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22 10. Ryan's agrees that Settlement Class Members will pay no costs or attorneys fees
23 from their Claim Shares or otherwise, and that Ryan's will pay costs and attorneys' fees separate
24 from amounts received by Settlement Class Members. The attorneys' fees and costs Ryan's has
25 agreed to pay are based upon the considerable work Class Counsel has performed, and will
26 continue to perform into the foreseeable future, on behalf of Settlement Class Members.
27 Specifically, Plaintiffs' Counsel have been investigating and working on this lawsuit since
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1 calendar year 1999, and have spent thousands of hours working on all aspects of this case,
2 including successfully opposing a Petition for Certiorari filed by Ryan's in the United States
3 Supreme Court in which Ryan's asked the Supreme Court to review and overturn this Court's
4 and the Sixth Circuit Court of Appeals' decisions invalidating arbitration agreements between
5 Ryan's/EDSI and Eligible Class Members. Based upon the work performed by Class Counsel
6 and the success achieved on behalf of Settlement Class Members, Ryan's agrees to pay Class
7 Counsel between Three and One-Half Million (\$3,500,000) and Four and One-Half Million
8 Dollars (\$4,500,000)¹ for all attorneys' fees, costs, and expenses incurred in connection with
9 Class Counsels' work in this case since 1999 through the conclusion of this case and the
10 resolution of the settlement administration process. Ryan's has agreed to pay these fees, costs
11 and expenses in addition to amounts paid to Settlement Class Members; therefore, no portion of
12 the attorneys' fees, costs or expenses will be paid by Settlement Class Members or deducted
13 from the Settlement proceeds.

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17 11. Ryan's agrees to pay an additional One Hundred Thousand Dollars (\$100,000) in
18 enhancement payments divided among approximately 43 Settlement Class Members who opted-
19 into this case early on and who provided timely assistance and help essential in producing a
20 favorable result on behalf of the Settlement Class by participating in the discovery process,
21 giving depositions under oath, providing evidentiary support for the case, submitting
22 declarations, counseling and attending meetings with Class Counsel, making strategic decisions
23 on behalf of the class, assisting in and/or attending mediation sessions with Ryan's, and
24 providing other necessary assistance and services. Ryan's agrees to pay these enhancement
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28 ¹ The amount paid as costs/attorneys' fees to Class Counsel will be determined based upon the level of Eligible
Class Member participation and in accordance with the Parties' settlement confirmation letter dated February 7,
2006, attached hereto as Exhibit 5.

1 payments in addition to amounts paid to Settlement Class Members and to Class Counsel;
2 therefore, no portion of the enhancement payments will be paid by participants in this Settlement
3 or deducted from the Settlement proceeds.
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5 **THE SETTLEMENT ADMINISTRATOR**

6 12. a. The Settlement Administrator shall be Garden City Group, Inc., (“Garden
7 City”), P. O. Box 91136, Seattle, Washington 98111-9236. In the event Garden City is unable to
8 serve as Settlement Administrator, Ryan’s and/or Ryan’s Counsel shall select, with the consent
9 of Class Counsel which consent shall not unreasonably be withheld, another individual or entity
10 to administer the Settlement (the “Settlement Administrator”).

11 b. Ryan’s shall timely provide all records and/or information to the
12 Settlement Administrator necessary to permit the expeditious and proper performance of its
13 duties. In addition to any other duties or obligations outlined in this Joint Stipulation, the duties
14 of the Settlement Administrator shall include: (i) the mailing of Notices, Claim Forms and
15 Questionnaires to Eligible Class Members; (ii) taking all steps reasonably necessary to ensure
16 that each Eligible Class Member timely receives a Notice, Claim Form and Questionnaire; (iii)
17 communicating with Eligible and/or Settlement Class Members regarding the claims process,
18 corrections and/or additional information needed for Claim Forms, or for any other reasons
19 deemed reasonably necessary by the Settlement Administrator in order to ensure that the highest
20 percentage of Eligible Class Members receive the Notice, Claim Form and Questionnaire, and
21 that Eligible Class Members who wish to participate in this Settlement are permitted to do so;
22 (iv) the utilization of available methods to ensure the most up-to-date and accurate addresses for
23 Eligible Class Members; (v) conducting address searches on all returned, undelivered mail in a
24 timely fashion, and re-mailing Notices, Claim Forms and Questionnaires to Eligible Class
25 Members for whom addresses are found; (vi) providing toll-free interactive voice recording
26 telephone support, which includes an option for accessing live operator assisted support during
27 regular business hours; (vii) the maintenance of any database deemed reasonably necessary by
28 the Settlement Administrator to fulfill its duties; (viii) the receipt and control of all returned

1 Claim Forms and/or Questionnaires and documentation of same; (ix) the calculation of Claim
2 Shares; (x) the timely mailing and, if necessary, re-mailing of Claim Share checks to Settlement
3 Class Members; (xi) any and all other duties as agreed to or as is necessary consistent with the
4 terms, purposes and goals of this Joint Stipulation.

5 c. Neither Ryan's nor Plaintiffs, nor their respective Counsel, shall interfere
6 in any way with the performance of the Settlement Administrator's duties with the purpose
7 and/or effect of limiting or attempting to limit or interfere with the submission or receipt of
8 Claim Forms and/or Questionnaires from Eligible Class Members, or with the inclusion of
9 Eligible Class Members desiring to participate in this Settlement. Neither Party shall engage in
10 conduct intended to materially affect the level of participation of Eligible Class Members or the
11 opt-in rate. Class Counsel shall not engage in any conduct which could adversely and materially
12 affect the completion and/or return of the Questionnaire that is to be mailed with the Notice and
13 Claim Forms.

14 d. All disputes, if any, relating to the Settlement Administrator's ability to
15 perform its duties shall be referred to the Court, which will have continuing jurisdiction over the
16 terms and conditions of this Joint Stipulation.

17 **SETTLEMENT ADMINISTRATION/CLAIMS PROCESS**

18 13. a. Within fifteen (15) business days after Court approval of this Joint
19 Stipulation, the Notice in the form attached hereto as Exhibit 1, Claim Form in the form attached
20 hereto as Exhibit 2,² and the Questionnaire in the form attached hereto as Exhibit 3 shall be
21 forwarded, via first class mail, by the Settlement Administrator to each Eligible Class Member
22 contained in the database furnished to the Settlement Administrator by Ryan's, which database
23 shall include at least 263,844 Eligible Class Members.

24 b. The parties further agree that the Questionnaire attached as Exhibit 3 will
25 be mailed to Eligible Class Members with the Notice and Claim Form (Exhibits 1 and 2). A
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28 ² The Parties anticipate that modest, mutually consensual revisions to these Exhibits may be necessary to conform
to the realities of, or changes in, the claim process as suggested by the Settlement Administrator or otherwise.

1 postage pre-paid envelope addressed to the Settlement Administrator will be provided to Eligible
2 Class Members (at Ryan's expense) for use in mailing completed Questionnaires and Claim
3 Forms to the Settlement Administrator. Ryan's agrees that completion and return of the
4 Questionnaire by Eligible or Settlement Class members is entirely voluntary; that responses to
5 the Questionnaire cannot (and will not) be used in the administration of the settlement claims
6 process; that responses to the Questionnaire cannot (and will not) be used to challenge any
7 Eligible or Settlement Class Member's choice or right to participate in the Settlement; and that
8 responses to the Questionnaire cannot (and will not) be used by Ryan's as a basis to initiate any
9 civil, criminal, administrative or other action against Eligible Class Members, Settlement Class
10 Members, and/or any other individual who responds to the Questionnaire.

11 c. Within ten (10) days following the mailing of Exhibits 1-3, the Settlement
12 Administrator shall provide Class Counsel with a certification verifying the total number of
13 potentially recoverable workweeks set forth and/or identified on Claim Forms mailed to Eligible
14 Class Members.

15 d. For an Eligible Class Member to participate in the Settlement Class, he or
16 she must sign, date and mail the completed Claim Form by postage pre-paid U.S. first class mail,
17 send it by fax, or otherwise forward the Claim Form to the Settlement Administrator prior to the
18 Claim Deadline; except that the Claim Form of any Eligible Class Member which was returned
19 undeliverable after the initial mailing, and thereafter is re-mailed by the Settlement
20 Administrator within the 21 days preceding the Claim Deadline, will be accepted as timely if it is
21 transmitted or mailed to the Settlement Administrator within the 15-day period following the
22 Claim Deadline. The U.S.P.S. date stamp, or other documented transmittal date, will determine
23 timeliness of submissions.

24 e. The Settlement Administrator will run the Eligible Class Member
25 contact/address list through the National Change of Address Data Base maintained by the
26 U.S.P.S. prior to the mailing of the Notices and Claim Forms. In addition, Class Counsel will be
27 permitted to supply the Settlement Administrator updated contact information for the current
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1 Plaintiffs who have opted-in to the Action. Ryan's will provide the Settlement Administrator
2 with the social security numbers of those Eligible Class Members whose Notices, Claim Forms
3 and Questionnaires are returned to the Settlement Administrator as undeliverable by the
4 U.S.P.S.; the Settlement Administrator will utilize this additional information in an effort to
5 obtain current mailing address information, and will then conduct one additional re-mailing of
6 the Notices, Claim Forms and Questionnaires based on corrected mailing addresses resulting
7 from this process.

8 f. The Settlement Administrator shall provide copies of the filed Claim
9 Forms to Class Counsel in batches as they are received on a weekly basis, along with any
10 accompanying documents or other material received from Eligible Class Members, excluding
11 returned Questionnaires.

12 g. Eligible or Settlement Class Members who dispute their dates of
13 employment or the number of active workweeks with Ryan's during the Recovery Period must
14 provide convincing documentary or other evidence (other than an unsubstantiated belief or
15 memory) that will establish that the date(s) indicated on the Claim Form are incorrect; otherwise,
16 Ryan's records will be presumed to be correct. Ryan's agrees to provide to Class Counsel the
17 actual payroll and employment records of Eligible or Settlement Class Members who dispute the
18 accuracy of their Claim Form information, or who did not receive a Claim Form but claim a right
19 to participate in the Settlement. In the event of any such disputes, the Settlement Administrator
20 shall make the final determination, subject to review, if necessary, by the Court. Additionally,
21 Ryan's and/or the Settlement Administrator agree to provide Claim Form data³ to Class Counsel
22 to verify the eligibility and entitlement, if any, of a) Eligible Class Members who contact Class
23 Counsel regarding the Settlement and b) Settlement Class Members and/or persons who file
24 Claim Forms.
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28 ³ "Claim Form data" refers to the payroll and/or employment history in the format provided by Ryan's to the Settlement Administrator.

1 h. Within twenty (20) days following the Claim Deadline, the Settlement
2 Administrator shall provide to Class Counsel and Ryan's Counsel (and the Court, if requested) a
3 declaration of due diligence and proof of mailing certifying (i) the mailing of Notices, Claim
4 Forms and Questionnaires to Eligible Class Members; (ii) attempts to locate Eligible Class
5 Members; (iii) the total number of potentially recoverable workweeks set forth and/or identified
6 on Claim Forms mailed to Eligible Class Members; (iv) the total number of recoverable
7 workweeks actually claimed by Settlement Class Members; and (v) that a spreadsheet attached to
8 such declaration contains an accurate listing of the identities of the Settlement Class.

9 i. As soon as practicable following receipt of the Settlement Administrator's
10 declaration described in Section 13(h) and prior to the mailing of settlement checks to Settlement
11 Class Members, the Parties shall file the Final Order of Dismissal in the form attached hereto as
12 Exhibit 4, which shall attach and incorporate the spreadsheet described in Section 13(h)(v) which
13 sets forth the identities of the Settlement Class Members whose claims are being dismissed with
14 prejudice.
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16 **PAYMENTS TO SETTLEMENT CLASS MEMBERS**

17 14. a. On the Disbursement Date, the Settlement Administrator shall send
18 settlement checks constituting the net (after withholding) Claim Share amounts to Settlement
19 Class Members via first class mail. Such settlement checks shall note on their face that they are
20 void if not cashed within ninety (90) days of issuance.

21 b. The Parties agree that IRS Forms W-2 and 1099 will be distributed to
22 Settlement Class Members reflecting the payments they receive under the Settlement, and that
23 one-half of the settlement sum received by such Settlement Class Members will be considered as
24 taxable wages from which withholdings will be made, while the remaining half will be
25 considered liquidated damages from which no withholding will be made.

26 c. In the event settlement checks are returned to the Settlement Administrator
27 with a forwarding address, the Settlement Administrator shall promptly re-mail such checks to
28 Settlement Class Members at the newly identified forwarding addresses. If unclaimed checks

1 representing claimed settlement funds remain even after such re-mailing, the Settlement
2 Administrator shall promptly notify Class Counsel as to the identity of all Settlement Class
3 Members who have unclaimed checks. Class Counsel shall have forty-five (45) days from
4 notification of such unclaimed checks within which to provide the Settlement Administrator with
5 corrected mailing addresses for such unclaimed checks. The Settlement Administrator shall
6 conduct one additional remailing of unclaimed settlement checks for each Settlement Class
7 Member that Class Counsel provides a corrected mailing address. If the Settlement Class
8 Member cannot thereafter be located, or Settlement Class Member Claim Share checks remain
9 uncashed after they have expired, then the Settlement Class Member's Claim Share shall be
10 forfeited and Class Counsel shall make a distribution of the Claim Share to National CASA
11 (Court Appointed Special Advocates for Children), a duly registered Section 501(c)(3) charity
12 and non-profit organization.

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14 d. As soon as practicable, the Settlement Administrator shall provide to Class
15 Counsel and Ryan's Counsel (and the Court, if requested) a declaration verifying the identities of
16 Settlement Class Members to whom settlement checks were mailed, the date(s) of mailing, and
17 the amount of the checks.

18 **PAYMENT OF ENHANCEMENT AWARDS AND COSTS/ATTORNEYS FEES**

19 15. a. On the Disbursement Date, the Settlement Administrator and/or Ryan's
20 shall forward to the attention of Class Counsel separate checks constituting the enhancement
21 payments described in Section 11 (totaling \$100,000) made payable to the approximately 43
22 recipients thereof in amounts to be provided by Class Counsel. These payments shall be in
23 addition to any Claim Share the recipients of such enhancement payments may receive based on
24 his or her status as a Settlement Class Member.

25 b. Class Counsel shall be solely responsible for distributing the checks
26 constituting enhancement payments to the recipients thereof. If a recipient of an enhancement
27 payment cannot be located by Class Counsel within a reasonable period of time, then his or her
28 enhancement payment shall be forfeited, and Class Counsel shall make a *cy-pres* distribution of

1 such enhancement payment to National CASA (Court Appointed Special Advocates for
2 Children), a duly registered Section 501(c)(3) charity and non-profit organization.

3 c. The Parties agree that IRS Forms 1099 will be distributed to the recipients
4 of enhancement payments reflecting the amount of enhancement payments made to them; none
5 of the enhancement payments shall be treated as damages for wages and shall be subject to 1099
6 reporting only. IRS Forms 1099 will be sent to Class Counsel reflecting the amount of costs and
7 attorneys' fees paid to Class Counsel by Ryan's in connection with this settlement; the Parties
8 acknowledge and agree that these costs and attorneys' fees are being paid directly to Class
9 Counsel in lieu of any statutory claim that the Settlement Class Members might have for the
10 recovery or reimbursement of their reasonable attorneys' fees and costs.

11 d. On the Disbursement Date, the Settlement Administrator and/or Ryan's
12 shall pay Class Counsel's attorneys' fees, costs and expenses (collectively, the "Attorneys'
13 Fees") in an amount determined in accordance with Section 10.

14 e. Although the Attorneys' Fees will be paid directly to Class Counsel by
15 Ryan's and/or the Settlement Administrator, separate from the Claim Shares paid to the
16 Settlement Class, Ryan's has been advised by its tax advisors that it must report the Attorneys'
17 Fees paid to Class Counsel as income to the Settlement Class Members. Therefore, Ryan's will
18 send a Form 1099 to the IRS and to each Settlement Class Member reflecting that Member's pro
19 rata share of the total Attorneys' Fees paid to Class Counsel by Ryan's; each Settlement Class
20 Member's pro rata share shall be determined by multiplying the total Attorneys' Fees paid to
21 Class Counsel by a fraction, the numerator of which shall be the dollar amount of the particular
22 Settlement Class Member's Claim Share, and Enhancement Award, if any, and the denominator
23 of which is the sum of the total amount of all Claim Shares paid to the Settlement Class pursuant
24 to Section 8(d), plus the \$100,000 Enhancement Award payments paid pursuant to Section 15(a).
25 This Form 1099 shall be separate from and in addition to the Form 1099 sent to the Settlement
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1 Class Members pursuant to Section 14(b), although they may be mailed together, and shall be
2 accompanied by the following statement:

3 **NOTICE:** The amount reported in Box 3 of the accompanying Form 1099 MISC
4 represents your prorata portion, as a member of the Settlement Class, of the total
5 attorneys' fees, costs and expenses paid by Ryan's, Inc. to Class Counsel pursuant to the
6 Settlement approved by the Court in the case of *Erric Walker et al. v. Ryan's Family*
7 *Steak Houses, Inc.*, Case No. 3-02-1078, United States District Court for the Middle
8 District of Tennessee. You should consult with your tax advisor as to any obligation to
9 report this amount as income, or any right to deduct all or any portion of this amount.

10 **RELEASE BY THE CLASS**

11 16. Contingent upon the performance by Ryan's and the Settlement Administrator of
12 their respective undertakings pursuant to this Joint Stipulation, including but not limited to the
13 payment to the Settlement Class Members of their respective Claim Shares, all claims for
14 minimum wages and/or overtime during the Recovery Period for all Settlement Class Members,
15 whether based on federal or state laws (as well as derivative claims related thereto such as
16 attorneys' fees, liquidated damages, and interest), are being released as part of the Settlement,
17 and the claims asserted in the Action will be dismissed on the merits with prejudice. All
18 Settlement Class Members will thereafter be barred from instituting or prosecuting any other
19 action against Ryan's asserting or relating to any of the released claims. The release does not
20 apply to unrelated claims, such as claims for wrongful discharge, retaliation, workers
21 compensation, or other claims other than those for unpaid overtime and minimum wage claims
22 (as well as derivative claims related thereto such as attorneys' fees, liquidated damages, and
23 interest) arising during the Recovery Period of November 12, 1999 to August 2, 2005; nor does it
24 apply to any claims pertaining to events occurring after the Recovery Period.

25 **DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL**

26 17. Promptly upon the Parties' execution of this Joint Stipulation, the Parties shall
27 apply to the Court for the entry of an Order, attached as Exhibit 6, seeking the following:

- 28 a. Approval of this Joint Stipulation and of the Settlement described herein.

- 1 b. Approval as to form and content of the proposed Notice attached hereto as
2 Exhibit 1.
- 3 c. Approval as to form and content of the proposed Claim Form attached
4 hereto as Exhibit 2.
- 5 d. Approval as to form and content of the proposed Questionnaire attached
6 hereto as Exhibit 3.
- 7 e. A direction to mail the Notice, Claim Form and Questionnaire by first
8 class mail to Eligible Class Members.

9 **NO RETALIATION OR INTIMIDATION PERMITTED**

10 18. Ryan's has agreed: that it will not contact employees eligible to participate in this
11 Settlement for the purpose of attempting to influence them or to cause them not to participate in
12 this Settlement; that it will not take any adverse employment action, or otherwise target, retaliate or
13 discriminate against any employee who elects or indicates an intention to participate in this
14 Settlement because of their decision to participate or not participate in this Settlement; and that its
15 officers, directors, management employees and/or agents, will use their best efforts neither to make
16 nor cause to be made any communication, either directly or indirectly, whether written, verbal,
17 electronic, or otherwise, to any Ryan's management personnel which would permit the
18 identification of any employee who elects or declines to participate in the Settlement. Ryan's will
19 treat the decision of individual employees to elect or decline to participate in the Settlement as
20 confidential, and will disclose such decision only on a "need to know" basis, or as may be required
21 by law.

22 **PARTIES' AUTHORITY**

23 19. The signatories hereto hereby represent that they are fully authorized to enter into
24 this Joint Stipulation and bind Ryan's and Plaintiffs to the terms and conditions hereof.

25 **MUTUAL FULL COOPERATION**

26 20. Ryan's and Plaintiffs agree to cooperate fully with each other to accomplish the
27 terms of this Joint Stipulation, including but not limited to, executing such documents and taking
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1 such other action as may reasonably be necessary to implement the terms of this Joint
2 Stipulation. Ryan's and Plaintiffs shall use their best efforts to effectuate the goals, obligations
3 and duties contemplated in this Joint Stipulation, or as otherwise required by the Court. As soon
4 as practicable after execution of this Joint Stipulation, both Ryan's and Plaintiffs will take all
5 reasonably necessary steps to secure the Court's approval of this Joint Stipulation. Further,
6 Ryan's and Plaintiffs agree to cooperate in the settlement administration and claims process.

7 **ENFORCEMENT ACTIONS**

8 21. In the event that Ryan's or any Settlement Class Member or Plaintiff institutes
9 any legal action, arbitration or other proceeding against the other to enforce the provisions of this
10 Joint Stipulation or to declare rights and/or obligations under this Joint Stipulation, the successful
11 litigant shall be entitled to recover from the unsuccessful litigant reasonable attorneys' fees and
12 costs, including expert witness fees incurred in connection with any enforcement action. In the
13 event Ryan's fails to timely pay or fund the monies it is required to pay by terms of this Joint
14 Stipulation, Plaintiffs may, at their option, declare all agreements or Joint Stipulations regarding
15 settlement between the Parties null and void or, alternatively, enforce the provisions of this Joint
16 Stipulation.
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18 **CONSTRUCTION**

19 22. Ryan's and Plaintiffs agree that the terms and conditions of this Joint Stipulation
20 are the result of lengthy, intensive arms-length negotiations between them, and that this Joint
21 Stipulation shall not be construed in favor of or against either Ryan's or Plaintiffs by reason of
22 the extent to which they, or their respective counsel, participated in the drafting of this Joint
23 Stipulation.

24 **CAPTIONS AND INTERPRETATIONS**

25 23. Paragraph titles or captions contained herein are inserted as a matter of
26 convenience and for reference, and in no way define, limit, extend or describe the scope of this
27 Joint Stipulation or any provision hereof. Each term of this Joint Stipulation is contractual and
28 not merely a recital.

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27. This Joint Stipulation incorporates, and is intended to be read consistently and *in pari materia* with, the terms set forth in the Parties' settlement confirmation letter dated February 7, 2006 (and Exhibits A-C which accompany it), attached hereto as Exhibit 5.

BINDING ON ASSIGNS

COUNTERPARTS

DATED: March 17, 2006

Attorneys for the Representative Plaintiffs
and the Class

1 DATED: March 17, 2006

E. GRANTLAND BURNS, ESQ.
NEXSEN PRUET, LLC

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3 By: /s E. Grantland Burns (With Permission)
4 E. Grantland Burns, Esq.

5 James M. Coleman, Esq.
6 Constangy, Brooks & Smith, LLC

7 William A. Blue, Esq.
8 Constangy, Brooks & Smith, LLC

9 Attorneys for the Defendant
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